

Message Text

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ACTION EUR-25

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AMEMBASSY PARIS
NSE/NSSG BRUSSELS

CONFIDENTIAL USNATO 5579

E.O. 11652: GDS: 12-31-79
TAGS: NATO, XG, ETRN
SUBJ: REPORT OF CENTRAL EUROPE PIPELINE POLICY COMMITTEE (CEPPC)
MEETING OF 15 NOV 73

DEFENSE FOR OASD/I&L, MR. NOLAND AND COMPT, MR. UMBARGER;
STATE FOR EUR/RPM, MR. REHFELD; JCS FOR J-4 PETROLEUM; USCINCEUR
FOR J-4 JPO; AMEMB PARIS FOR MR. HUMPHREYS; NSE/NSSG FOR MR.
MINER.

REF: A. USNATO A-151
B. USNATO 5353
C. STATE 222111

BEGIN SUMMARY. ONE-DAY CEPPC MEETING DURING BUDGET WORKING GROUP
SESSION COVERED: (A) US TEMPORARY NON-AGREEMENT TO FIRST CALL
FOR 1974 CONTRIBUTIONS TO CEPS; (B) LIFTING OF US RESERVATIONS
AND BLOCKINGS ON THIRD 1973 SUPPLEMENTARY BUDGET; (C) PROGRESS
REPORTS ON (1) EFFORTS TO REDUCE CEPS (CENTRAL EUROPE PIPELINE
SYSTEM) PAYMENT OF TAXES, AND (2) INVESTIGATION OF SPECIAL
NATO AUDIT REPORT; (D) PREPARATION TO ACCOMPLISH REPORT
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TO COUNCIL ON THE EFFECT UPON CEPS OF BURDENSHARING PROPOSALS
ACTION REQUESTED: WASHINGTON GUIDANCE BY DECEMBER 7 ON PAYMENT
OF PORTION OF FIRST CALL FOR 1974 CEPS CONTRIBUTION. END SUMMARY.

THE JOINT CEPPC/CEPO (CENTRAL EUROPE PIPELINE OFFICE) BUDGET
WORKING GROUP DELIBERATIONS WERE INTERRUPTED FOR REGULAR
CEPPC MEETING ON THURSDAY, NOV 15. COMMENTS ON AGENDA ITEMS
FOLLOW:

I. APPROVAL OF AGENDA

THE ADVANCE COPY OF DRAFT COUNCIL DIRECTIVE ON BURDENSHARING
WAS ADDED TO THE AGENDA.

II. APPROVAL OF SUMMARY RECORD FOR MEETING 13-14 SEP (AC/120-R/196)

THE RECORD WAS APPROVED WITH SEVERAL MINOR CHANGES.

III. FIRST CALL FOR CONTRIBUTIONS 1974

THE US STATED THAT IT COULD NOT AGREE TO ANY AMOUNT ON THE
FIRST CALL FOR 1974 CEPS CONTRIBUTIONS IN VIEW OF THE IMMINENT
DECISION ON BURDENSHARING WHICH MIGHT SIGNIFICANTLY ALTER THE
SHARE OF THE US CONTRIBUTION TO THE CEPS BUDGET DEFICIT.

AFTER CONSIDERABLE DISCUSSION, THE COMMITTEE AGREED TO THE FIRST
CALL FOR FF 20 MILLION; NOTED THE US COMMENTS; AND REQUESTED
THAT THE US AUTHORITIES BE INVITED TO FIND SOME MEANS OF CONTRIBUTING
TO THE CALL SO THAT CEPS WILL CONTINUE OPERATION BUT WITHOUT
PREJUDICE TO THE US BURDENSHARING POSITION. COMMENT. CEPPC
MEMBERS SUGGESTED THAT ANY US CONTRIBUTION TO BE PRESENT CALL
FOR BIDS BE CONSIDERED AS A "TREASURY ADVANCE". WITHOUT A
US SHARE (36.07 PERCENT) THE REMAINDER OF THE CALL FOR FF
20 MILLION WOULD BE SUFFICIENT TO COVER DEFICIT ONLY THROUGH
APRIL RATHER THAN JULY 1974. WHILE US "TREASURY ADVANCE"
WOULD INDICATE POSITIVE US APPROACH TO CONTINUED OPERATION,
USNATO FEARS THAT CONTRIBUTION OF, SAY 50 PERCENT OF THE NORMAL
US SHARE WOULD TEND TO PREJUDICE BURDENSHARING DISCUSSIONS
IN NEXT FEW WEEKS, WHEREIN WE WILL BE SEEKING TO ELIMINATE
US SHARE IN CEPS DEFICIT. END COMMENT.

IV. PROCUREMENT OF CEPS VEHICLES (AC/120-D/827)

THIS REPORT EXAMINED THE POSSIBILITY OF TAKING ADVANTAGE OF
THE SHAPE PROCUREMENT SYSTEM FOR VEHICLES REQUIRED BY THE VARIOUS
PIPELINE DIVISIONS. STUDY CONCLUDED THAT THE PRESENT PROCUREMENT
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METHOD WITHIN THE PIPELINE DIVISIONS WAS AT LEAST AS ECONOMICAL
AS THE SHAPE SYSTEM FOR THE TYPE VEHICLES DESIRED.

V. TAXES AND CUSTOMS DUTIES BORNE BY THE CEPS

BELGIAN RAPPORTEUR (DUPOINT) IN MOST RECENT DISCUSSION
WITH FRENCH ON THIS SUBJECT, SECURED FRENCH AGREEMENT TO PROVIDE
WRITTEN REPLY BY END OF NOVEMBER TO RAPPORTEUR'S PROPOSALS
FOR RESOLVING PROBLEM. HOWEVER, IN MEANTIME FRG HAS INTRODUCED
GERMAN TAXES AS AN ITEM TO BE ADDED TO 1974 CEPS BUDGET.
RAPPORTEUR COMMENTED THAT THIS WOULD SERIOUSLY UNDERMINE HIS
AGREEMENT WITH THE FRENCH AUTHORITIES. THE COMMITTEE REQUESTED
THE FRG REPRESENTATIVE TO SECURE HIS AUTHORITIES' AGREEMENT TO
SUSPEND FRG REQUEST ON TAXES PENDING COMPLETION OF CURRENT

NEGOTIATIONS WITH FRENCH, WHICH DUPONT BELIEVED WOULD GO LONG WAY TOWARD RESOLUTION OF FRENCH TAX PROBLEM.

VI. SPECIAL REPORT BY THE NATO INTERNATIONAL BOARD OF AUDITORS

CEPPC CHAIRMAN STATED THAT REVISED COMMENTS BY GENERAL MANAGER IN AUDIT REPORT ARE NEARLY COMPLETE. THESE COMMENTS AND THE REPLY TO THE FRENCH COMMENTS BY THE NATO AUDITORS WILL BE CIRCULATED TO THE CEPPC MEMBERS IN THE NEAR FUTURE. (IT IS HOPED WITHIN NEXT THREE WEEKS BUT HEAVY TRANSLATION LOAD BECAUSE OF DECEMBER MINISTERIAL MAY EXTEND THIS DATE.)

VII. ANY OTHER BUSINESS

A. THIRD SUPPLEMENTARY BUDGET 1973 (AC/120-D/831)
ADDITIONAL JUSTIFICATION FOR FRENCH DIVISION EXPENSES WAS PROVIDED IN OAF(73)951 AS ANNEX T

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